
OPEB Commission

November 13, 2012



Agenda

- 1. Approval of minutes of October 23, 2012 meeting**
2:00pm
- 2. Review of principles, process, and potential strategies**
2:10pm
- 3. Introduction to the final report**
2:25pm
- 4. Results of Phase 1 actuarial analysis**
2:45pm
- 5. Proposed Phase 2 actuarial analysis**
3:15pm
- 6. GIC report on costs of EGWP implementation**
3:45pm
- 7. Adjournment**
4:00pm

Proposed Principles and Considerations

Commitment to Intergenerational Equity

- Avoid shifting costs onto future generations
- Honor health care promise to retired career employees

Competitive Compensation Packages to Attract and Retain Employees

- Including quality, affordable health care for retirees

Urgent Need for Sustainable Government

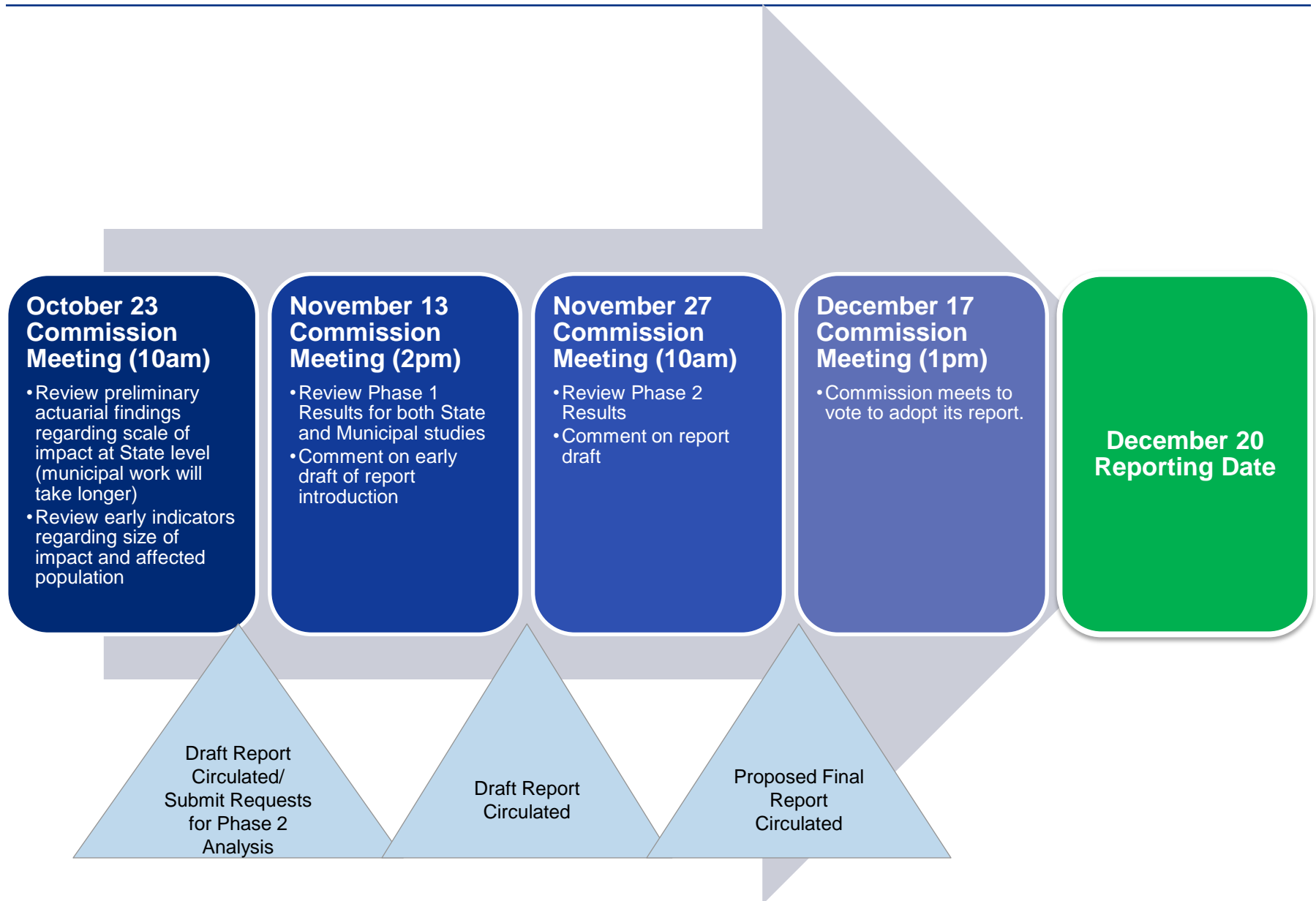
Prudent Allocation of Taxpayer Dollars Among Critical Services

- Transportation, education, benefits, etc.
- Maintenance of credit ratings

Alignment with Recent Changes to State and Federal Health Care Programs

- With a focus on access and cost control

Process and Calendar



Review of Potential Strategies

- Benefit Design
 - Minimum age and/or minimum years of service (YOS)
 - Pro-rating
 - Continuing service requirements
- Cost Containment
 - Tie subsidy to risk-adjusted premiums for low- or medium-cost health plan
 - Establish metrics with automatic alarm or mechanism if cost growth metric is unsustainable
- Employee Funding
 - Active contributions
- Best Practices
 - Part-time worker requirements
 - Employee group waiver plan (EGWP)
 - Survivor benefits
 - Procurement

Proposed Phase 2 Scenarios

	1	2	3	4
Minimum Age	No change	60 or 55 with 30 YOS	60	62
Minimum Years of Service (YOS)	15	15	20	25
Pro-Rating	50% of premium at 15 YOS to 90% of premium at 30 YOS	50% of premium at 15 YOS to 90% of premium at 30 YOS	50% of premium at 20 YOS to maximum available benefit at 30 YOS	50% of premium at 25 YOS to maximum available benefit at 35 YOS
Impacted Populations	-New employees -Current employees not vested by January 2017	<i>Option A:</i> -New employees -All current employees except those >55 AND vested <i>Option B:</i> -All new and current employees -For vested employees >55, pro-rate benefits until age 65 and provide maximum available benefit age 65+	<i>Option A:</i> -New employees -Current employees <i>Option B:</i> -All new and current employees -For vested employees >55, pro-rate benefits until age 65 and provide maximum available benefit age 65+	-New employees -Current employees

Potential Strategies Not Included in Actuarial Analysis

- Benefit Design
 - Continuing service requirements
- Cost Containment
 - Tie subsidy to risk-adjusted premiums for low- or medium-cost health plan
 - Establish metrics with automatic alarm or mechanism if cost growth metric is unsustainable
- Employee Funding
 - Active contributions
- Best Practices
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 - Procurement